

STATE OF WASHINGTON



OFFICE OF
INSURANCE COMMISSIONER

In the Matter of)
) No. G 98-17
)
The Market Conduct Examination of) FINDINGS, CONCLUSIONS, AND
Equitable Life Insurance Company of Iowa.) ORDER ADOPTING REPORT
)

BACKGROUND

An examination of the market conduct of Equitable Life Insurance Company of Iowa (the Company) as of June 30, 1996, was conducted by market conduct examiners of the Washington State Office of the Insurance Commissioner. The Company is an insurer under RCW 48.05.030. This examination was conducted in compliance with the laws and regulations of the State of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the Office of the Insurance Commissioner. This examination was limited to Marketing and Sales Practices, Complaint Handling, and Replacement Activity.

The examination report with the findings and recommendations was transmitted to the Company for its comments on September 12, 1997. Responses to the draft report were received on October 24, 1997, and January 21, 1998. There was a telephone conference call on January 14, 1998. The Company did not request a hearing.

The Commissioner or a designee has considered the report, the relevant portions of the examiner work papers, and the submission by the Company.

Subject to the right of the Company to demand a hearing pursuant to chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

FINDINGS

The Commissioner adopts as findings the findings of the examiners as contained on pages 6-15 of the report.

CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the market conduct of the Company.

ORDER

The examination report as filed, attached hereto and incorporated by reference, is hereby **ADOPTED** as the final examination report.

It is **ORDERED** that the Company comply with the Instructions in the Report, as follows:

1. RCW 48.17.010 and WAC 284-17-420(1) require that each individual or corporation soliciting business on behalf of an insurance company must be appointed prior to solicitation of business. In our review of Company records we found 22 violations. The Company is instructed to appoint agents prior to allowing them to solicit business on their behalf, and to advise all field personnel and General Agents of this requirement.
2. WAC 284-23-410 states that if an agent has knowledge that existing coverage is to be terminated and new coverage written to take its place, then replacement forms must be obtained, and statements from the insured and agent regarding replacement must be taken at the time of solicitation. The Company is instructed to change procedures to ensure that all forms are completed at the time of solicitation when there is knowledge that replacement is involved in the sale of their products.
3. Policy #1856246 was sold as an IRA pension plan. When the insured complained that they were not aware they bought a life insurance policy instead of a pension plan, the Company denied the insured's request for a refund of premium due to misrepresentation at the time of sale. This case violates RCW 48.30.090, Misrepresentation of Policies, and RCW 48.30.010(1) Unfair Practices. The Company is instructed to refund the premium plus a fair rate of interest on this policy, and to modify procedures to ensure that this does not occur again. Documentation of proof of payment and procedural changes are to be provided to this office.

4. WAC 284-23-455(2)(b) requires that notification of possible external replacement must be sent to the existing company within 3 days of receipt of replacement forms and application. Of the 34 files examined, 10 did not meet this time standard. The Company is instructed to change the notification procedure so that letters are sent to the existing company within the required time period.

ENTERED at Lacey, Washington, on February 13, 1998.

DEBORAH SENN

Insurance Commissioner

By:

WILLIAM E. FRANSEN

Deputy Commissioner